

NATIONAL CREDIT UNION ADMINISTRATION

OFFICE OF INSPECTOR GENERAL

***REVIEW OF ETHICS PROGRAM
AND NON-LITIGATION OPERATIONS***

OFFICE OF GENERAL COUNSEL

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EXECUTIVE SUMMARY

PURPOSE AND SCOPE

We have performed an audit of NCUA's ethics program and other non-litigation programs being conducted by the Office of General Counsel. The purpose was to evaluate compliance with laws and regulations, the efficiency and effectiveness of operations, and the adequacy of internal controls. The audit was performed at the Central Office, Regional Offices, and Asset Liquidation Management Center. The audit field work was performed during October 1995 through February 1996.

BACKGROUND

The Office of General Counsel provides (1) NCUA with legal advice and opinions of all matters of law, and (2) the public with interpretations of the Federal Credit Union Act, the NCUA Rules and Regulations, and other NCUA Board directives. The General Counsel has responsibility for the drafting, reviewing, and publication of all items which appear in the Federal Register, including rules, regulations, and notices required by law.

The NCUA Board has delegated responsibility for the agency's Ethics Program to the Deputy General Counsel. The Ethics Officer has appointed Associate Regional Directors for Operations as Deputy Ethics Officers.

The Office of General Counsel has responsibility for processing Freedom of Information requests and appeals. Public Information Centers are located at the Central and Regional Offices.

AUDIT RESULTS

The Ethics program was being managed well, although some improvements could be made. The Office of Government Ethics (OGE) confirmed that NCUA has completed all corrective actions recommended by OGE in its 1993 audit. OGE gives NCUA "a clean bill of health."

Freedom of Information Act requests were either being processed within the prescribed time limits, or requesters were being advised of expected delays. The public was being properly advised of information withheld, the reason for withholding, and the appeal rights. However, the program could be improved to ensure that all information centers invoice consistently, to update the processing fees being charged, and to improve internal controls. The following are some related findings:

- Some Regional Offices had not been invoicing commercial activities for information being provided.
- There were questions regarding the types of fees to be charged and the proper rates. Personnel and computer processing fees need to be updated.
- Regional Office FOIA Specialists had not been accounting for unused invoice numbers.
- FOIA customers were being asked to mail payments to the Central Office FOIA Specialist, instead of directly to Accounting. This did not allow for the proper segregation of duties: personnel who issue invoices are not to receive payments. Before honoring FOIA requests, the Specialists are to ensure that customers have paid for prior FOIA requests. Due to accounting system deficiencies, Accounting had not been able to provide current accounts receivable information to the Central and Regional Office FOIA Specialists, so the Central Office Specialist had payments mailed to her to track accounts receivable and issued to the Regional Office FOIA Specialists monthly lists of delinquent accounts. The Deputy Chief Financial Officer and Systems Accountant readily agreed that a new on-line system available to all FOIA Specialists was required; they indicated that such a system would be soon be implemented.
- The law requires only that available information be provided to the public, but in some cases NCUA had been creating information to respond to FOIA requests, which may not be as cost effective.

Our reviews on compliance with the Privacy Act and Sunshine Act did not disclose any significant findings.

Regional Office Directors and the Asset Liquidation Management Center President all agreed that the Office of General Counsel had been providing timely and accurate responses to their requests for legal services.

OGC is responding to NCUA's regulatory needs with timely, comprehensive, and well-drafted rules, regulations, and interpretive rulings.